

# COVID-19 Losses: Will Your Commercial Insurance Policies Respond?

03.19.2020

Does your insurance coverage protect you from the challenges your business is facing due to COVID-19? The answer is it depends on the specific wording of your policy.

Below is general information about the different policies that may offer protection. But whether you are covered is entirely dependent on the terms and conditions of the policy you have and the circumstances giving rise to your business' loss or extra expense.

For that, Bailey Glasser can have its insurance recovery team review your policy and provide you with specific guidance.

## **Commercial General Liability Insurance**

Commercial General Liability insurance may be your best bet when it comes to assisting your business with losses related to COVID-19.

Commercial General Liability insurance routinely provides a defense to claims asserted by third-parties for bodily injury or property damage they claim was caused by your company, but it is important to note that first party coverage may be available depending on the scope of coverage purchased.

From manufacturer liability to liability asserted by contract employees not otherwise covered by workers compensation, your commercial general liability policy is a good place to look for protection.

## **Business Interruption**

If you purchased business interruption coverage, you may have protection from the various restrictions in place that are affecting your company. In most instances, business interruption coverage is triggered when the property at issue suffers "direct physical loss or damage" resulting from a specific cause as articulated in your policy. In certain cases and under certain policies, "loss"

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can include loss of use of the covered property.

While many policies may not cover income loss attributed to the current restrictions imposed by the government, some policies may include coverage for income loss associated with negative events happening at or near your business, such as disease or a violent crime, that cause customers to avoid your business.

Other policy provisions may be triggered by government ordered shutdowns or other limitations of access to your business, the intent being to protect your from businesses interruption that does not involve a physical loss or damage to your property.

In the past, loss of business due to SARs, bird flu and Zika were sometimes covered but such coverage was determined by specific policy wording. Beyond more common business interruption, your policy may include “contingent business interruption” or “supply chain” coverage extensions to protect against losses resulting from supply chain disruptions. These provisions vary greatly and may be subject to limitations.

### **D&O and E&O Policies**

Directors and officers may be subjected to shareholder suits alleging that unreasonable actions (or inaction) in response to COVID-19 caused the company economic loss.

Federal securities laws may require certain disclosures by publicly held companies potentially affected by the spread of COVID-19. There is risk that shareholders may allege executives and management failed to disclose risks posed by COVID-19 to the business’ financial performance, failed to observe protocols recommended by authorities, or failed to develop adequate contingency plans.

Directors’ and officers’ insurance policies could provide coverage for these types of costs and liabilities.

### **Risk Mitigation is Crucial**

Insurance can only cover your business to the extent provided in your policies and it likely will not cover everything.

You must help to mitigate the risk to your company by staying informed of the global situation, monitoring health advisories from world health organizations and, most importantly, maintaining a dynamic business continuity model that addresses the concerns and well-being of your organization’s employees, physical assets and financial assets.

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These are powerful weapons against more serious losses. Bailey Glasser stands ready to help you to protect your business.

### **Attorneys**

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